

EXHIBIT A

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re: PROSPECT MEDICAL HOLDINGS, INC., <i>et al.</i> , ¹ Debtors.	Chapter 11 Case No. 25-80002 (SGJ) (Jointly Administered) Rel. to Docket No. 1
AMANDA CANNAVO, on behalf of herself and all others similarly situated, Plaintiff, v. PROSPECT MEDICAL HOLDINGS, INC., <i>et</i> <i>al.</i> , Defendants.	Adv. Pro. No. 25-08001-sgj

**DECLARATION OF RAKHEE V. PATEL IN
SUPPORT OF THE DEFENDANTS' MOTION TO DISMISS COMPLAINT**

I, Rakhee V. Patel, pursuant to section 1746 of title 28 of the United States Code hereby declare that the following is true and correct to the best of my knowledge, information, and belief:

1. I am a partner of the law firm Sidley Austin LLP ("Sidley") and am based in the Dallas, Texas office of Sidley, located at 2021 McKinney Avenue Suite 2000, Dallas, Texas 75201. I am one of the lead attorneys from Sidley working on the above-captioned chapter 11 cases. I am a member in good standing of the bar of the State of Texas. There are no disciplinary proceedings pending against me.

2. I submit this Declaration in support of Defendants' Motion to Dismiss Complaint.

¹ A complete list of each of the Debtors in these chapter 11 cases may be obtained on the website of the Debtors' claims and noticing agent at <https://omniagentsolutions.com/Prospect>. The Debtors' mailing address is 3824 Hughes Ave., Culver City, CA 90232.

3. Attached hereto as **Exhibit A-1** is a true and correct copy of a March 9, 2025 article entitled “Crozer Health Will Remain Open Following Emergency Meeting” retrieved from Philadelphia Business Journal’s website at <https://www.bizjournals.com/philadelphia/news/2025/03/09/crozer-health-foundation-delaware-county-prospect.html>.

4. Attached hereto as **Exhibit A-2** is a true and correct copy of a March 25, 2025 article entitled “Officials Tout Progress in Preserving Two Pennsylvania Hospitals” retrieved from Chief Healthcare Executive’s website at <https://www.chiefhealthcareexecutive.com/view/officials-tout-progress-in-preserving-two-pennsylvania-hospitals>.

5. Attached hereto as **Exhibit A-3** is a true and correct copy of an April 10, 2025 article entitled “Penn Medicine and Delaware County Dish Out \$6M to Delay Crozer Health Closure” retrieved from WHYY’s website at <https://whyy.org/articles/crozer-health-system-closure-penn-medicine-delaware-county/>.

[Remainder of page left intentionally blank.]

I declare under penalty of perjury that, after reasonable inquiry, the foregoing is true and correct to the best of my knowledge, information, and belief.

Dated: June 20, 2025

/s/ Rakhee V. Patel
Rakhee V. Patel
Partner, Sidley Austin LLP

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From the Philadelphia Business Journal:
<https://www.bizjournals.com/philadelphia/news/2025/03/09/crozer-health-foundation-delaware-county-prospect.html>

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Health Care

Crozer Health will remain open following emergency meeting



Crozer-Chester Medical Center in Upland.
LAURENCE KESTERSON / CROZER HEALTH



By [John George](#) – Senior Reporter, Philadelphia Business Journal
Mar 9, 2025 **Updated** Mar 9, 2025 11:19pm EDT



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Pennsylvania Attorney General Dave Sunday and The Foundation for Delaware County announced Sunday night an agreement that will keep Crozer Health open for the immediate future while permanent restructuring of the system is solidified.

Last week [Prospect Medical, Crozer Health's bankrupt parent company](#), filed a motion at U.S. Bankruptcy Court in Texas seeking approval for an expedited closure of Crozer-Chester Medical Center in Upland and Taylor Hospital in Ridley Park, along with Crozer's other health centers, because the health system was set to run out of money on March 14.

In February, Crozer Health received a one-time \$20 million cash infusion – to cover expenses for one month – from the state of Pennsylvania and Delaware County after the court put the health system in receivership, with [FTI Consulting taking over as the temporary manager of the health system](#). The payment was an effort to give Prospect Medical more time to find a buyer for the ailing health system.

The Foundation for Delaware County initially resisted calls by Gov. Josh Shapiro and the Pennsylvania Association of Staff Nurses and Allied Professionals to divert foundation funds to Crozer Health, saying it would be a "short-time fix" that could endanger its future. Sunday night, however, following a more than six-hour emergency meeting that included state officials and representatives from Prospect Medical, Crozer Health and FTI, the foundation reversed its position and is now saying it will commit "essential

funding that remedies immediate shortfalls" that would have led to closure of the system.

The amount of funding from the foundation was not disclosed. It's unclear whether any additional funding support is coming from the state and county.

The [Foundation for Delaware County](#) was formed from the \$55 million in [proceeds](#) realized by Prospect Medical's 2016 purchase of the previously nonprofit Crozer-Keystone Health System.

Sunday said his office will remain engaged in this process as the parties work to find a long-term solution that will keep Crozer Health operational. He said more details are expected to be released "in the coming weeks as a permanent solution is pursued."

Foundation President Frances Sheehan said she was encouraged by the outcome of Sunday's meeting and is hopeful it will lead to a long-term solution with a nonprofit provider taking over Crozer Health.

"For three years, we have advocated for the residents of Delaware County, supporting negotiations and exploring every available option to keep the health care system from closing," she said in a statement. "While we cannot sustain an entire health system, we remain committed to ensuring continued access to care."

On Friday PASNAP, which represents about 900 workers at Crozer Health, called on the Foundation for Delaware County to use its funds to keep the hospitals viable.

"The Foundation for Delaware County exists to protect health care in Delaware County; that is their entire mission," said Peggy Malone, president of the nurses at Crozer-Chester Medical Center. "If fighting to save these hospitals doesn't qualify, what does?"

Shapiro, while highly critical of Prospect Medical's actions, said late last week that he would like to see more done by the foundation, which he said is sitting on "a whole lot of money" it received from the sale of the health system to ensure Delaware County residents have access to health care.

Prior to Sunday's meeting, the Foundation for Delaware County noted Prospect Medical had already "dumped" a \$30 million liability on the nonprofit foundation forcing it to cover lease obligations for Crozer's Springfield property over the next four and a half years.

"While we have the funds to meet this obligation, our resources are largely dedicated to our mission-driven initiatives," the statement read. "Even if we diverted additional funds [to Crozer Health], it would not be nearly enough to sustain an entire health system and would ultimately threaten the existence of the foundation, putting an end to the vital programs and services we provide to the community.... Without significant state support to attract a regional health system willing to take on this challenge any financial contribution from the foundation would be a short-term fix – leaving us with no hospital, no foundation, and Prospect as the only winner."

What was discussed at Sunday's meeting, the details of which were not disclosed, was enough to get the foundation to soften its stance on diverting funds to support Crozer Health.

In its annual financial report for its fiscal year ending June 30, 2024, the foundation listed assets of \$80.4 million, up from \$74.6 million the previous year.

Since its launch, the foundation said it has provided more than \$14 million in grants to local nonprofits, supported 8,500 new and expecting mothers annually, and played a key role in launching the Delaware County Health Department and other initiatives. The foundation said it is also committed to providing more than \$1 million in grant funds to Delaware County nonprofits

in April along with rent obligations over several years on its four properties, payroll for its 80 employees, and subsidies for maternal health and housing programs.

The foundation became embroiled in ongoing litigation with Prospect Medical in 2022 after Prospect Medical and Crozer announced plans to close Delaware County Memorial and convert it into a behavioral health care hospital. The foundation said under Prospect's sale agreement such a move requires foundation approval, which it did not grant.

Crozer's Delaware County Memorial Hospital in Drexel Hill has been closed since November 2022. Its Springfield Hospital campus has only offered outpatient services since the Covid-19 pandemic.

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EXHIBIT
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Officials tout progress in preserving two Pennsylvania hospitals

March 25, 2025

By Ron Southwick

News Article



After saving Crozer Health from the threat of closure, state officials say an agreement is in place to keep its facilities open. But they say there's still work to be done.

Pennsylvania officials say that an agreement is in place to keep Crozer Health afloat, even as they acknowledge there's work to



Pennsylvania officials have reached a short-term deal to preserve Crozer Health, which operates Crozer-Chester Medical Center (above) and Taylor Hospital in the Philadelphia hospitals. The search continues for a permanent owner.

[brink of closure](#) earlier this month.

Crozer's owner, Prospect Medical Holdings, has filed for bankruptcy and announced plans to shut the system down, until a short-term remedy was found. Crozer operates two hospitals and other care sites in Delaware County, part of the Philadelphia suburbs.

The Foundation for Delaware County agreed to provide the necessary funding to keep operating Crozer for the immediate future. Pennsylvania Attorney General Dave Sunday said last week that an agreement was reached with the foundation to sustain Crozer Health.

Sunday said the foundation would work with Crozer's receiver, FTI Consulting. The search for Crozer's new permanent nonprofit owner continues, and the foundation will work with the new owner when a deal is in place.

"As for the efforts to solidify that permanent owner, we appreciate the good faith efforts of regional healthcare providers involved in ongoing discussions," Sunday said in a statement.



"I am encouraged that the parties, today, remained focused on preserving accessible healthcare for the Delaware County community and maintaining the workforce that provides that essential care," Sunday said. He added, "There is much work to be done, but we will not stop fighting on behalf of Pennsylvanians."

The foundation also confirmed that there's an agreement to keep Crozer Health going for the time being.

"We are pleased to announce that the immediate funding pieces necessary to bridge to a long-term solution are in place, per an agreement made with the Commonwealth's Attorney General," the foundation said in a statement.

Prospect Medical Holdings, the for-profit company, [filed for bankruptcy in January](#), with the company listing debts of more than \$400 million.

Representatives of Prospect and The Foundation for Delaware County testified before a federal bankruptcy court judge Monday, the [Delco Times](#) reported. Prospect said it wouldn't be moving to closure and is moving closer to an agreement on a sale, and the foundation has committed \$20 million to keep Crozer Health operating, the newspaper reported.

Local and state officials have been frustrated over Prospect's reduction of services with Crozer Health in recent years.

Crozer Health closed Delaware County Memorial Hospital in 2022. The system also ended acute care at Springfield Hospital in 2022, shifting to outpatient services on that campus.

Crozer Health operates Crozer-Chester Medical Center and Taylor Hospital in Delaware County.

Joyann Kroser, MD, president of the medical staff of Crozer-Chester and Taylor hospitals, spoke about the reduction of services under Prospect at a hearing before state lawmakers earlier this month.

"We have seen firsthand what the consequences are when a health system is run by a for-profit entity whose accountability is to its shareholders," Kroser said at the hearing. "Over the years, we have seen our beloved health system face closures of two hospitals, continuation of service lines and contraction of our ranks. We have faced shortages of supplies that have led to delays in procedures and delays in patient care. We are working with early generation equipment that is at its end of life."

EXHIBIT
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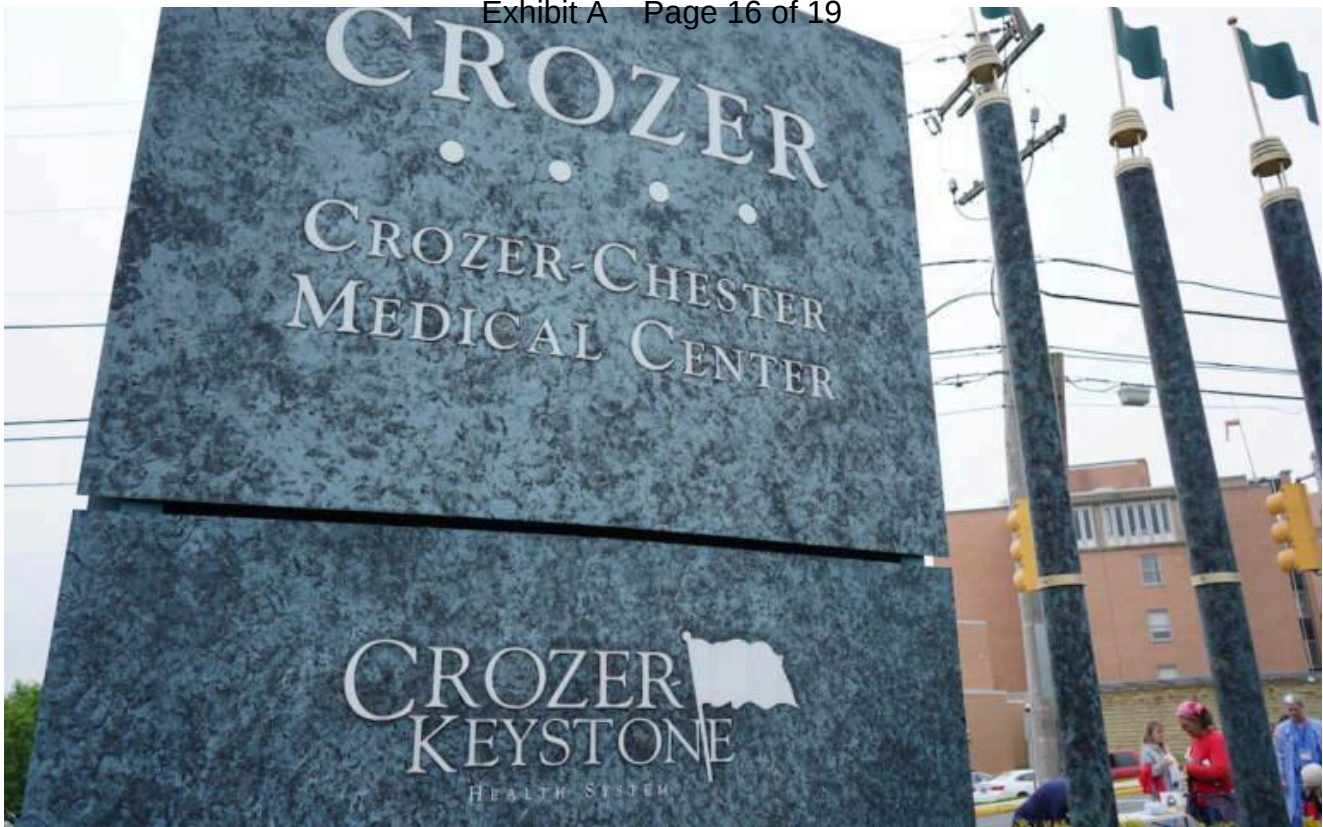
CROZER CLOSURE

Penn Medicine and Delaware County dish out \$6M to delay Crozer health closure

The money grants Prospect Medical Holdings, Pennsylvania officials and potential buyers more time to negotiate a deal to transition Crozer Health to new ownership.



By Kenny Cooper · April 10, 2025



Crozer-Chester Medical Center. (Kenny Cooper/WHYY)

From Philly and the Pa. suburbs to South Jersey and Delaware, what would you like WHYY News to cover? Let us know!

Crozer Health will live to see another day — for now, thanks to a combined \$6 million cash infusion from Penn Medicine and Delaware County.

Parent company Prospect Medical Holdings retreated Thursday from shutting down Crozer Health, granting an unnamed consortium of buyers about a week to strike a deal to acquire the cash-strapped system.

News of the last-ditch funding “relieved” U.S. bankruptcy Judge Stacey G. C. Jernigan of the Northern District of Texas. At Thursday afternoon’s hearing, she stopped short of a full blown celebration.

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“You get to a point where you’ve got to move down the road and I guess you’d say that’s where we are,” Jernigan said. “We’re all keeping hope alive that we do get an asset purchase agreement during these days ahead but we at least have a game plan.”

What is the ‘game plan’ to keep Crozer Health open during negotiations?

Receiver [FTI Consulting](#) drafted the plan but details are unclear. There will, however, be medical service changes at [Crozer-Chester Medical Center](#) and [Taylor Hospital](#).

“The parties have determined it is necessary to implement certain measures and transition select service lines in an effort to sustain broader operations,” a spokesperson for the receivership said in a statement.

Prospect did not immediately respond to a request for comment.

In an email obtained by WHYY News, Crozer CEO Tony Esposito told staff Thursday evening that the plan “will be executed by FTI in a methodical manner with no immediate or imminent changes.”

“Throughout this process we’ve used the term that services may be transitioned and what’s going to happen is that employees may be wearing different jerseys — but they’ll still continue doing their job,” said Melissa Van Eck, of the Pennsylvania Office of Attorney General, during Thursday’s hearing. “And I think it’s important for employees and patients in the community to hear that and know that they will continue to be supported.”

Crozer employs approximately 3,000 people. The Pennsylvania Association of Staff Nurses and Allied Professionals represents nearly 900 of those employees. In a statement, the union said its primary concern is the “stability of the health care system in Delaware County.”

“Keeping frontline staff in the buildings and on the job is integral to that concern,” the

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associationPASNAP said. “The doors to the health system must not just stay open – the services
the health system provides must persist and the staff must be there to serve the citizens of
Delaware County when they are at their most vulnerable. We are eager for shared information on
this aspect of FTI’s plan going forward.”

Related Content

HEALTH

Prospect will begin closing Crozer Health if Pa. does not provide \$9 million

If another cash infusion doesn’t arrive by Wednesday, the hospital system could begin diverting ambulances and patients to other facilities as soon as Thursday morning.

2 months ago

Who’s keeping the lights on at Crozer Health?

Bankruptcy attorneys for the California-based company said Tuesday the hospitals needed at least \$9 million in short-term funding in order to make payroll or else it would be forced to begin shutting them down as early as Thursday morning.

Prospect’s self-imposed deadline came and went as negotiations with government officials continued in recent days. Ultimately, the company procured another infusion of cash.

Penn Medicine donated \$5 million in exchange for some of Crozer’s medical offices. Delaware County pitched in \$1 million for mental health services rendered, according to Prospect’s attorney.

“These grant funds are part of an overall funding package to allow the hospitals to remain open in the short-term, and do not come from property tax funds in Delaware County,” the county said in a statement. “Throughout this process, the county is continuing its approach of working for the best-case scenario of a long-term solution that keeps the hospitals open while preparing for a potential closure.”

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A Penn Medicine spokesperson told WHYY News that the \$5 million will go towards supporting Crozer operations and purchasing assets associated with Crozer’s outpatient facilities at Broomall and Brinton Lake.

“This proposal would also include transfer of the leases for these privately owned facilities going forward,” the spokesperson said. “Though these efforts are in the early stages, we plan to ensure continued operations in these facilities, and over time, offer re-imagined, expanded services to improve the health of local residents.”

Prior to Thursday, \$20 million in taxpayer money — \$10.2 million from Pennsylvania and \$9.8 million from Delaware County — was used to keep Crozer open.

The Foundation for Delaware County, which “tapped out” Tuesday from giving any more future funds, has given a total of \$20 million.

Van Eck said negotiations to lock down a sale agreement of Crozer are ongoing.

“Funding is a challenge that we’ve been attempting to overcome,” she said.

Editor’s note: The Foundation for Delaware County is a WHYY supporter. WHYY News produces independent, fact-based news content for audiences in Greater Philadelphia, Delaware and South Jersey.

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